

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE**

STATE OF WASHINGTON; STATE OF
ARIZONA; STATE OF ILLINOIS; and
STATE OF OREGON,

Plaintiffs,

v.

DONALD TRUMP, in his official capacity
as President of the United States; U.S.
DEPARTMENT OF HOMELAND
SECURITY; BENJAMINE HUFFMAN, in
his official capacity as Acting Secretary of
Homeland Security; U.S. SOCIAL
SECURITY ADMINISTRATION;
MICHELLE KING, in her official capacity
as Acting Commissioner of the Social
Security Administration; U.S.
DEPARTMENT OF STATE; MARCO
RUBIO, in his official capacity as Secretary
of State; U.S. DEPARTMENT OF
HEALTH AND HUMAN SERVICES;
DOROTHY FINK, in her official capacity
as Acting Secretary of Health and Human
Services; U.S. DEPARTMENT OF
JUSTICE; JAMES MCHENRY, in his
official capacity as Acting Attorney
General; U.S. DEPARTMENT OF
AGRICULTURE; GARY WASHINGTON,
in his official capacity as Acting Secretary
of Agriculture; and the UNITED STATES
OF AMERICA,

Defendants.

NO. 2:25-cv-00127

DECLARATION OF
JEFFREY TEGEN

DECLARATION OF JEFFERY TEGEN

I, Jeffery Tegen, hereby declare:

1. I am the Assistant Director of the Division of Business and Finance at the Arizona Health Care Cost Containment System (“AHCCCS”) Administration, which is Arizona’s Medicaid agency.
2. My educational background includes a Bachelor of Science in Finance, a Master of Business Administration, and a Master of Health Service Administration. I have been employed as the Assistant Director of the Division of Business and Finance since May 2015.
3. I have compiled the information in the statements set forth below through personal knowledge, through AHCCCS personnel who have assisted me in gathering this information from our agency, and on the basis of documents that have been provided to and/or reviewed by me.

AHCCCS Coverage and Eligibility

4. AHCCCS is Arizona’s Medicaid agency that offers health care programs to serve Arizona residents who meet certain income and other requirements. AHCCCS’s mission is to help Arizonans live healthier lives by ensuring access to quality healthcare across all Arizona communities.
5. AHCCCS is the largest insurer in Arizona, covering more than 2,714,609 individuals in State Fiscal Year 24. It uses federal, state, county, and other funds to provide health care coverage to the State’s Medicaid-eligible population.
6. Eligibility for AHCCCS health insurance programs, including eligibility for Federal-State Medicaid and Children’s Health Insurance Program (“CHIP”), depends in part on age, immigration status, and household income.

7. In general, children through the age of 18 (i) meet the income eligibility requirement for Federal-State Medicaid in Arizona if their household's modified adjusted gross income ("MAGI") is less than 133% to 147% of the federal poverty level ("FPL")¹, and (ii) meet the income eligibility requirement for CHIP in Arizona if their household's MAGI is less than 225% of the FPL.
8. To be eligible for Federal-State Medicaid or CHIP, a child must also be a U.S. citizen or "lawfully residing" in the United States, as that term is defined by federal law. "Lawfully residing" individuals are "lawfully present" and include qualified immigrants such as lawful permanent residents, asylees, refugees, and trafficking victims, as well as nonimmigrant visa holders and humanitarian status classes such as Temporary Protected Status and Special Immigrant Juvenile Status. Children who are not citizens or "lawfully residing" are commonly referred to as undocumented. The only exception to this eligibility requirement is for certain emergency services, which Federal-State Medicaid covers for individuals who are neither citizens nor "lawfully residing." 8 U.S.C. § 1611(b)(1); A.R.S. § 36-2903.03(F).

Healthcare Coverage for Newborns in Arizona and Federal Funding

9. The amount of federal funding Arizona receives for health care it provides children through AHCCCS varies by federal program but generally represents 64% to 75% of Arizona's total health care expenditures for children. The specific federal program that applies depends on the child's age, household income, immigration status, and the health care service provided.
10. For children covered by the Federal-State Medicaid program, the federal government generally reimburses for 64% of Arizona's health care expenditures, but if federal CHIP allotment is available, Arizona can claim 75% reimbursement for children between 100%

¹ 147% for MAGI age 0-1, 141% for MAGI ages 1-5, 133% MAGI age 6-18.

and 133% of FPL. For children covered by CHIP, the federal government generally reimburses 75% of Arizona's health care expenditures.

11. Federal funding for AHCCCS's Medicaid and CHIP programs is provided through an advance quarterly grant from the federal Center on Medicare and Medicaid Services ("CMS") to the State of Arizona, with a post-quarter reconciliation. This quarterly process begins with the State submitting to CMS a CMS-37 report, which estimates the reimbursable expenditures it expects to make for the upcoming quarter, six weeks before the quarter begins. For the January to March 2025 quarter, the State submitted the report in November 2024.
12. CMS then issues a quarterly federal grant the week before the start of the quarter. The State draws from this grant award during the quarter to partially fund its expenditures for Medicaid and CHIP.
13. Within 30 days after the end of a quarter, the State sends CMS a CMS-64 report, which reports all expenditures for the quarter.
14. Children from birth to age 18 typically have a range of health care needs that require services from various health care providers.
15. All children born in the United States and residing in Arizona whose family income is at or below 225% of the Federal Poverty Level are eligible for AHCCCS.
16. Presently, all children born in Arizona are U.S. citizens.
17. Thus, at present, AHCCCS coverage for newborns in Arizona is partially funded by the State and partially funded by the federal government, either through Medicaid or CHIP.

Fiscal and Public Health Impact of Revoking Birthright Citizenship

18. AHCCCS does not currently rely on a Social Security Number or parental immigration status to determine eligibility. Newborns are automatically approved for benefits through an automated process when a mother living in Arizona on AHCCCS gives birth. Citizenship is considered automatically verified if the child's birth is verified through this method since they are born in the United States.
19. If this methodology no longer applied, AHCCCS would need to update its eligibility policy and update three systems it uses: HEAPlus, PMMIS and AHCCCS Online. This would take approximately 12 months to implement the change. Based on the complexity of the potential update, the expense to change HEAplus would be approximately \$1 million to \$2.5 million and would take about 12 months to develop. In addition, it would cost \$1.3 million to \$1.9 million to update PMMIS and AHCCCS Online.
20. If AHCCCS were no longer able to automatically determine a newborn's eligibility through the deemed newborn process, this could cause service delays in healthcare coverage and access for all children while they go through the eligibility determination process. It would require the additional steps of verifying the citizenship status of the parents before being able to determine the child's eligibility, which could include obtaining additional information, including the SSN of the parents to run data matches or documentation of their citizenship. Depending on the volume, this could take additional staff to process these determinations, requiring additional funding to complete this new administrative work
21. AHCCCS provides certain emergency medical and behavioral health care services through the Federal Emergency Services Program ("FESP") for uninsured qualified and nonqualified

aliens, as specified in 8 U.S.C. § 1611 *et seq.*, who meet all requirements for Title XIX eligibility as specified in the State Plan except for citizenship. *See also* A.R.S. § 36-2903.03.

22. The FESP covers emergency medical or behavioral health conditions, meaning a medical condition or a behavioral health condition, including labor and delivery, manifesting itself by acute symptoms of sufficient severity, including severe pain, such that the absence of immediate medical attention could reasonably be expected to result in:

- a. Placing the member's health in serious jeopardy;
- b. Serious impairment to bodily functions;
- c. Serious dysfunction of any bodily organ or part; or
- d. Serious physical harm to self or another person.

See A.A.C. § R9-22-217.

23. In 2024 there were 4,519 births paid for by the FESP. For each of these births, the parent's household income fell under 133% of the Federal Poverty Level and the parent would have been eligible for Title XIX (Medicaid) if they were U.S. citizens or "lawfully residing." However, because these children were born in the United States, the children were eligible for Medicaid and qualified for AHCCCS, but they would not be eligible if birthright citizenship were removed. If each of these children became ineligible for AHCCCS until 18, using FFY2026 figures for FMAP of 64.34% (federal match) and capitation rates, then this would likely cost the State \$39,400 in federal revenue per child used to pay \$61,300 in total capitation payments over the first 18 years of that child's life.²

² Age < 1 CYE 2026 cap rate per month: \$813.80

Age 1 – 20 CYE 2026 cap rate per month: \$252.67

Total capitation for first 18 years: $\$813.80 * 12 + \$252.67 * 12 * 17 = \$61,300$

24. AHCCCS does not have data to project the number of children born to undocumented parents in Arizona earning between 156% to 225% of the FPL. Under current birthright citizenship rules, these children would be U.S. citizens and eligible for Title XXI (KidsCare). Each child eligible for KidsCare has the same total capitation rate payments over the first 18 years of that child's life as above (\$61,300), but the KidsCare FMAP of 75.04% is higher than the regular FMAP with federal revenue of \$46,000 offsetting the total capitation payments over the first 18 years of the child's life. Assuming the income distribution of parents in the State who have an immigration status that excludes them from Medicaid coverage is uniform, AHCCCS estimates that approximately 3,126 births each year are of children who would be eligible for KidsCare under current birthright citizenship rules, but who would not be eligible if birthright citizenship were removed.
25. Removing birthright citizenship from the above 7,645 (4,519 + 3,126) children would reduce federal revenues to Arizona by \$321,844,600 used to pay \$468,638,500 in total capitation payments over the first 18 years of the children's lives.³ This amount and the calculations in paragraphs 23 and 24 do not factor in inflation, population growth, or changes in the FMAP rate in future years and assume all the children remain eligible for AHCCCS until they turn 18. Additionally, these reductions in federal revenues to Arizona are only for the first "cohort" of children and only through their first 18 years of life. Each year, additional children would be born, adding to the lost revenue to the State.
26. Arizona draws federal funds on a daily basis. Therefore, any changes in policy would impact the State from the first month a child impacted by the policy change is born.

³ Total Federal Revenue for 7,645 children = $4,519 * \$39,400 + 3,126 * \$46,000 = \$321,844,600$

27. Having fewer newborns in Arizona qualifying as citizens could place increased strain on health systems throughout the State. AHCCCS currently provides emergency services only to those individuals who would otherwise qualify except for their immigration status. This provides a pathway for hospitals and other emergency service providers to receive reimbursement for the services they are required to provide to this population and reduces uncompensated care. However, this coverage does not extend to primary or preventive care. If these newborns would not be considered citizens by location of birth and therefore be ineligible for full AHCCCS services due to their citizenship status, the cost to the State would continue to accrue year after year through uncompensated non-emergent services provided by hospitals throughout Arizona, and for the much higher emergency services costs.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed this 21st day of January, 2025, in Phoenix, Arizona.

Jeffery Tegen

Jeffery Tegen
Assistant Director of the Division of
Business & Finance
Arizona Health Care Cost Containment
System Administration